

***CANADIAN HOUSING POLICY IN TRANSITION:
CHALLENGES AND OPPORTUNITIES***

for

***OUR HOMES OUR COMMUNITIES OUR FUTURE
NATIONAL HOUSING CONFERENCE 2001
BRISBANE AUSTRALIA***

***By: Tom Carter, Director, Institute of Urban Studies
University of Winnipeg***

October 25, 2001

***AHURI
Australian Housing
and Urban Research
Institute***

CANADIAN HOUSING POLICY IN TRANSITION: CHALLENGES AND OPPORTUNITY

Abstract

The Canadian social housing system has experienced more than a decade of transition. In 1993 the Federal Government effectively ended funding support for increases to the social housing portfolio for low income Canadians. Since then it has been gradually devolving responsibilities for social housing administration to the provinces, while some provinces, in turn, are passing this responsibility down to municipalities. A national social housing policy does not exist - there is only a patchwork of provincial policies, and funding for new social housing has been reduced to a trickle.

The reduction in the provision of new social housing has had a negative impact on many people's lives, but the more limited role by governments has also had positive outcomes: the formation of new partnerships to provide affordable housing; discovery of new sources of funding; new and innovative ways to deliver affordable housing; and better integration of social housing initiatives with other community, social and economic development initiatives. The presentation will examine the negative aspects of this transition and will also focus on the positive outcomes in the affordable housing sector.

INTRODUCTION

The development of social housing policy and the construction of the current inventory of 639,200 social housing units (CMHC 1999) has occurred mainly since the Second World War in Canada. This development was part of Canada's move toward a fairly well-rounded group of social programs that included health care, unemployment insurance, social assistance, a child allowance program and a national pension plan. These initiatives represented a significant movement toward the development of a social welfare state in the period 1945 to the mid 1970s (Chisholm 1999).

The development of social housing policy was initially led by the federal government. Throughout the '70s, however, the provinces played an ever growing role, particularly in delivery and management of the portfolio, and increasingly in the development of policy. By the early '80s social housing in Canada could be characterized as a joint policy/delivery initiative between the two senior levels of government with non-profits and co-operatives (the third sector) playing an increasingly important role in development and management of projects. At the municipal (local government) level only a few of the major urban municipalities played an active role in designing, delivering and funding programs. Despite broader jurisdictional involvement, throughout the period the federal government continued to be the principal source of capital for the initiation of new projects as well as on-going subsidies for existing projects, providing 50 to 75 percent of the total cost, depending on agreements with individual provinces.

Since the early 1980s social housing policy in Canada has been in a constant state of transition. This transition has been marked by continuous weakening of the role of the federal government in the funding of new social housing projects and the development of housing policy. Many feel the declining role of the federal government has positive implications, others highlight what they regard as disastrous consequences. Depending on one's perspective there are challenges to be overcome or opportunities to build on. This paper will explore both the challenges and opportunities this transition presents.

A SOCIAL HOUSING POLICY IN TRANSITION

The Changing Role and Mandate of Governments

The transition that has occurred in housing policy stretches back almost two decades and the most dominant aspect of this transition has been the withdrawal of the federal government from any substantive role in social housing. This withdrawal has been prompted by a number of factors (Wolfe 1998). The changing role and mandate of governments, which includes reduced activity in social policy and program areas and the active transfer of these responsibilities to families, individuals and community organizations has had an influence. What has been happening in housing policy is merely a reflection of changes in broader public policy. As Carroll (2002) points out, housing policy forms a good microcosm of public policy because it involves both economic and social policy. Thus the transition in housing policy that has occurred, and is occurring, reflects a move from broad interventionist strategies of the '60s and '70s to the non-interventionist strategies of the '80s and early '90s to the current trend toward federal disentanglement and downloading to the provinces in many areas of public policy. Disinvestment and disentanglement clearly reflect a non-interventionist ideology with a bias towards privatization and a reduction in government presence in the market place as well as areas of social welfare. In Canada, as in many other industrialized nations, individuals and families are being encouraged, or required, to take more responsibility for their own health, social and economic well-being.

The changing role of the federal government in social housing is perhaps best captured by the following statements describing the policy mandate in housing over the past thirty years. In introducing changes to the national Housing Act in 1973, the Minister responsible for Housing told the House of Commons that all Canadians have a right to good housing at prices they can afford:

“Good housing at a reasonable cost is a social right of every citizen of this country [This] must be our objective, our obligation, our goal” (House of Commons Debates 1973, p.3649).

In a 1985 Consultation Paper On Housing the goal of social housing was stated as follows:

“to promote the construction of new houses, the repair and modernization of existing houses and to improve the housing and community living conditions of those whose income is insufficient to gain access to adequate housing in the private market” (Government of Canada 1985, p.13).

If CMHC is still considered the agency that speaks for the federal government on housing, then the following statement characterizes the federal government’s current policy position:

“Canada’s housing industry is a significant contributor to our national economy. Canada Mortgage and Housing Corporation (CMHC) helps it stay strong with programs that support its development and international competitiveness. We ensure a competitive mortgage system to help Canadians buy homes and create jobs. With our information products and services, CMHC assists Canadians to maintain the excellence of our housing and helps markets work efficiently in a changing environment” (CMHC 1999).

It has to be acknowledged, however, that federal funds for housing, particularly in recent months, flow from agencies other than CMHC. Much of the funding for the recent initiative to address the problems of the homeless flows from the Human Resources Development Canada (HRDC) although \$268 million of the \$753 million initiative is Residential Rehabilitation Assistance Program (RRAP)¹ funds flowing from CMHC. Nevertheless, this series of statements, placed in the context of the declining federal role in funding and policy development, clearly illustrate a move away from the social housing sector with a focus on a competitive, efficient private market and a desire to promote our (private) housing system internationally.

Significant Cuts In Funding

Central to the transition has been the reduction in federal budget allocations for new social housing over the period 1984 to 1993. Efforts to reduce deficits and long term debt have been a factor in budget reductions as have powerful trends such as the move toward a freer market system and a perceived need to reduce taxes to make the country more competitive in a global market. Some of the more significant budget cuts are outlined in Table 1 (Appendix A). Some of these budget reductions included complete elimination of programs, the Co-op Housing Program, for example. Reductions in budget allocations culminated in 1993 when the federal government withdrew from all social housing funding for new projects except for special needs housing (transition housing for battered women, for example), the Residential Rehabilitation Assistance Program which assists low income home owners to repair older homes and On-Reserve housing. Funds for these particular initiatives have been very limited since 1993, although \$200 million was announced for renovation programs in 1998 and the annual budget was doubled again in late 1999 for four years.

In addition to reductions in capital expenditures, the introduction in 1993 of a \$2 billion cap on on-going subsidies to the existing portfolio of units may limit the future flexibility of this portfolio to accommodate the very low income. If subsidy requirements rise above this level, the difference has to be made up by the provinces, municipalities or the third sector.

Because the cost of operating the existing portfolio continued to rise funding, through provincial and territorial governments and CMHC peaked at approximately \$4 billion annually in 1993/94. Approximately \$2 billion of this funding was allocated through provincial/territorial budgets. The other \$2 billion flowed from federal coffers through CMHC. Since 1993/94, funding for social housing through these sources has declined by \$500,000,000 (Figures 1 and 2, Appendix A)².

When the origin of this half billion dollar cut in funds is examined, it is clear that the major responsibility lies, not at the feet of the federal government but with provincial and territorial governments. Approximately \$450,000,000 or 90 percent of the reduction is at the provincial/territorial level, the other \$50,000,000 is from the CMHC budget. The reduction in funding is localized in certain provinces, particularly Newfoundland, Nova Scotia, Alberta and Ontario (Figures 3, 4 and 5, Appendix A). In dollar terms the most significant declines in funding have been in Alberta and Ontario. Funding in New Brunswick, Prince Edward Island, Manitoba and Saskatchewan has illustrated considerable stability and recently increased in the Yukon. Quebec and British Columbia have maintained, or increased, their level of funding for social housing since 1993.

Cuts at the provincial level are explained to a large extent by reluctance of the provinces to proceed without a federal commitment. Program mechanisms were designed with fixed federal/provincial cost shared arrangements. The delivery of units depended on fixed capital and subsidy commitments from both levels of government and when the federal government withdrew, programs could only be maintained if the provinces made up the differences. Most provinces didn't, hence delivery of social housing units virtually ceased. A few provinces, to their credit, have continued unilateral program delivery, although at much reduced levels. Provinces are reluctant to spend capital funds to add more units to the social portfolio without federal support for on-going subsidies.

Stricter Targeting to the Very Low Income

There has also been a change in how assistance is targeted by income group. Throughout the '70s Canada had moved towards a policy of income mixing in social housing by accommodating some modest as well as low income households. Income mixing was introduced, at least in part, to counteract the effects of concentrating the very low income in high density housing areas and the associated negative reaction (NIMBY) from the surrounding communities (Drier and Hulchanski 1993). In the mid '80s the income mix approach was scrapped in favour of very focussed targeting of funds on the most needy, as defined by low incomes. Subsidies were escalating rapidly and much of the money was not going to those in core need. In 1986 the Federal Government, faced with a rising debt and annual deficits, decided it would provide assistance only to very low income households (Canada, 1986).

Devolving Responsibility to Lower Levels of Government

Another aspect of this transition was the signing of social housing “disentanglement” agreements with the provinces in 1985/86 which gave greater administrative, delivery and management responsibilities to provincial governments as well as more flexibility to adapt programs to local needs (Forrest 1996). The “disentanglement” agreements with the provinces meant considerable re-engineering of programs so that they were delivered differently in different areas of the country. In some cases this certainly facilitated better accommodation of local needs, although it also meant the federal government continued to lose control over the ability to deliver a national program. In Canada the trend to devolve social policy to lower jurisdictions of government has been, in part, a response to the Province of Quebec’s demand for more provincial autonomy. Devolution reached its limit in 1996 with the decision by the federal government to devolve all responsibilities for social housing to the provinces and the attempt by the federal government to negotiate “devolution” agreements with each provincial and territorial jurisdiction. Nine jurisdictions have signed the agreements which transfer the administration and responsibility for social housing. Table 2 (Appendix A) indicates the jurisdictions that have signed and their signing dates. Negotiations are ongoing with British Columbia, Alberta and Prince Edward Island while Quebec has been reluctant to enter into negotiations.

Although the principles contained within these agreements³ ensure that federal funds remain within the housing system and targeted to low income households, federal funding will decline as existing project agreements expire over the next 40 years and provincial inputs are not specified or guaranteed (Dunphy 1997).

Devolution has not stopped with the shifting of responsibilities from the federal to provincial governments. Ontario has transferred all public housing business, assets and employees to new municipally controlled local housing corporations effective January 1, 2001 and the transfer of responsibility for non-profit and co-op housing administration will be accomplished through a negotiated process over the next eighteen months (Fenn 2000). This downloading is viewed by municipal planners and housing analysts as, at the least a major challenge to, and, at the most a fiscal disaster for, municipalities. The municipalities are limited to a tax base that is inelastic and highly susceptible to poor economic conditions and faced with a responsibility that becomes more costly in economic downturns. (Carroll 2002).

Summary Comments

In the space of approximately twenty years, Canada has moved from a situation where it had an active and substantive social housing strategy to a point where it no longer has a national social housing policy. The withdrawal of the federal government from a significant role in the provision of new social housing and development of social housing policy has some inevitable outcomes. The remainder of this paper will focus on both the challenges, and opportunities that have unfolded during the transition over the past couple of decades.

WHAT ARE THE CHALLENGES?

Addressing Rising Levels of Need

Withdrawal from an active social housing program has come at a time when there has been a substantial increase in the proportion of households in housing need. Households with housing problems are identified by the core need model in Canada. The model takes into consideration the household's housing costs as a proportion of their gross household income (affordability), the condition of the dwelling unit (adequacy) and the relationship between household composition and the number of bedrooms (suitability)⁴. CMHC has recently released core need figures based on the 1996 census for both Aboriginal (Off-Reserve) and non-Aboriginal non-farm households.

The level of need for non-Aboriginal, non-farm households increased from 12.2 percent in 1991 to 17.6 percent in 1996⁵. Core need also increased significantly in all provincial jurisdictions during the five year period (Table 3, Appendix A). These increases are mainly due to significant increases in renter core need. The slow growing or declining household incomes, the growing number of part-time workers, increasing social assistance case loads and increases in the number of low income lone parent families (CCSD 1997) - all characteristics that are concentrated in the rental sector - certainly contribute to this increase in core need

Nationally 8.6 percent of owners and 34.4 percent of renters were in core need in 1996 and renters account for 68 percent of total households in core need. The incidence of housing problems varies by type of household with 12.6 percent of families, 29.6 percent of non-families and 21.2 percent of seniors in core need. Proportionally, families account for 43 percent of all households in core need, non-families 31 percent and seniors 26 percent. The incidence of need was higher in urban areas, 18.2 percent compared to 14.2 percent in rural communities and 87 percent of total households in need live in urban areas.

Affordability is the most common housing problem. Nationally approximately 75 percent of households in need have only an affordability problem. Another 17 percent have affordability problems in association with adequacy or suitability problems. Affordability problems are more common in urban than in rural communities, more common amongst renters than owners and amongst seniors and non-families compared to families. Approximately 17 percent of households in core need have multiple problems. The seriousness of affordability problems is highlighted by the fact that 38 percent of households in core need were spending at least half of their before tax income on shelter in 1996 (CMHC 2001).

This discussion of housing need would not be complete without mention of Aboriginal off-reserve need in Canada and the provinces. Close to 70,000 Aboriginal households living off-reserve are in core need in Canada (Table 4, Appendix A). The incidence of housing need is much higher amongst Aboriginal than non-Aboriginal households, 31.6 percent compared to 17.6 percent. Although the level of need is much higher amongst Aboriginal households, the characteristics of households in need parallel, in a general sense, those of non-Aboriginal households. Need is higher amongst renters than owners and higher in urban than in rural areas. The incidence of need is also highest for non-families followed by families and seniors, however,

the majority of total Aboriginal households in need are families. Affordability also tends to be the most common problem but a higher proportion of Aboriginals have suitability and adequacy problems compared to non-Aboriginal households. A much higher proportion of Aboriginal households have multiple problems.

This quick overview of housing need illustrates that the level of housing need has increased substantially. It would probably have increased even if the federal government and the provinces had continued to deliver a social housing program. Work place circumstances and stagnant growth in incomes relative to the cost of living are major contributors to the growth in need as indicated earlier in the paper. Nevertheless, the increase may not have been as significant had the delivery of social housing continued. In addition, as federal funds are generally allocated on a formula based on each province's proportion of national need, those provinces with substantial increases in need relative to other provinces would be receiving a larger share of the federal funding. This would help to reduce the growing inequities that are starting to develop throughout the nation. That, in essence, is the purpose of national programming.

Stagnant Growth in the Social Housing Portfolio

With the decline in funding there has been virtually no growth in the social housing portfolio. The federal/provincial portfolio of units reached a peak in 1994 when it contained 661,000 units. The most recent estimate of the number of units in the portfolio is 639,200 (CMHC 1999). There have only been very modest additions to the portfolio since 1993, generally through unilateral provincial programming and these additions have been more than offset because subsidy agreements are expiring on Limited Dividend⁶ units built twenty-five to thirty years ago. When these agreements run out private owners are no longer required to maintain modest rents in return for the low interest loans they received. Many of these units have been converted to condominiums, sold to other entrepreneurs and/or substantially renovated and modernized. In addition to being lost from the social housing portfolio, rents on many of these units have increased substantially. They no longer provide affordable, low cost housing. A small number of units in the portfolio have also been lost due to fire, demolition and poor condition.

The social housing portfolio in some provinces may be reduced further by the sale of social housing units. Ontario has been considering the sale of 5,800 single and semi-detached public housing units, although only a modest number of units have been sold to date. Most of those targeted for possible sale are three bedroom units, so if the initiative proceeds it will reduce the inventory available for families. Although the proceeds of any sale that occurs are to be retained in the social housing sector, there appears to be no guarantee that it will be used to increase the inventory (Sewell and Hulchanski 2000).

Completion of new social housing often exceeded 20,000 units annually in the late '70s and early '80s. By the late '80s production had fallen to an annual average of just over 12,000 units (FCM 1999). In 1998, according to the most recent figures available, less than 2,000 units were produced (Bruce and Chisholm 2000). With relatively few new units being built, waiting lists for access to social housing are growing. Work by the Federation of Canadian Municipalities (FCM) (1999) and Bruce and Chisholm (2000) indicate substantial numbers of households on

waiting lists, at least 96,000 in the larger urban centres alone. There has also been significant increases in emergency shelter use by a growing number of homeless people (Federation of Canadian Municipalities 2000) as well as increased use of food banks. In summary, need is rising, funding through housing agencies is declining and there is virtually no growth in the portfolio of social housing units.

Growing Inequities Across Provincial Jurisdictions

There are also other perils of decentralization of responsibilities for social housing to the provinces. Not all provinces are equally endowed. There are “haves” and have nots” when it comes to financial resources and the capacity to address growing levels of housing need. Some provinces simply do not have the financial capacity to respond to housing problems on their own. Other provinces simply do not place a great deal of emphasis on the importance of social housing programs. In some provinces and cities it is very doubtful that any significant number of new social housing units will be added to the portfolio in the foreseeable future. The federal funds that continue to be transferred to support the existing portfolio, under the new agreements may be used as the only source of financing, while provincial funding is reduced. At least one province has taken the saving resulting from the signing of the new agreement out of the social housing sector and transferred it to general revenue and operating. It was not used to improve social housing in the province.

Without the guiding hand of the federal government and CMHC, there is concern that there will be a fragmentation of standards and services as different jurisdictions pursue different policies and criteria. A lack of cohesive direction in housing policy is beginning to emerge. Different provincial jurisdictions are pursuing different policies or failing to enunciate policy at all. Over time this can only lead to growing levels of social and spatial inequities across the nation.

Development of “Beggar Thy Neighbour” Policies

If the federal government does not play a role in addressing housing need on a national basis, not only will inequities between regions increase, but the development of “beggar thy neighbour” policies may occur. If the federal government continues its very passive role, it is easy to see how a province or municipality which acts responsibly and increases its supply of affordable housing could be left at the mercy of neighbouring provinces and municipalities. Some provinces and municipalities may spend nothing on the provision of affordable housing and simply “export” their housing problems to other jurisdictions that do provide assistance. Evidence to suggest this is already happening in other social welfare areas is available. This situation may simply be an incentive for provinces and municipalities to under-invest in affordable and social housing.

In Ontario, where responsibility is being further devolved to municipalities, there is even greater concern about “beggar thy neighbour” situations. Municipalities are concerned about what will happen if they are the only municipality in the region to respond to housing needs. Will they become a victim of these “beggar thy neighbour” consequences as surrounding municipalities “export” their poor to take advantage of additions to the social housing portfolio? The problems

some municipalities face with respect to NIMBY may strengthen under-investment strategies. Many argue that it is precisely the task of the federal government to use its national perspective and its federal powers (which it seems to be rapidly giving away) to prevent such inter-provincial and inter-municipal gamesmanship. It is the job of the federal government to offset the disincentive effects and work toward maintaining some semblance of equity in housing standards across the nation.

Placing Pressure On Local Levels of Government

The provincial downloading of social housing responsibilities to municipalities, as is occurring in Ontario, also creates funding difficulties. Municipalities, because of their limited tax base, are not suited to funding social programs including social housing. Depending largely on property tax, municipalities are beginning to face extraordinary pressure because of provincial downloading. Taking over the responsibility for social housing also involves taking on considerable risk (Sewell and Hulchanski 2000). Social housing needs and costs can vary significantly depending on changes in social conditions and market and economic circumstances. Changes in unemployment rates, income growth, and financial circumstances such as interest rates can have very immediate and significant effects on costs in the social housing portfolio. With their limited tax capacity municipalities are less able to handle these risks than senior levels of government with their broader based resources.

Program Risks of Working with Limited Funding

Given the limited funding available, there is increasing concern that the projects and programs being developed are not sustainable. For example, in an effort to provide even limited numbers of affordable housing units with limited funding (generally in the form of up front grants as opposed to on-going subsidies), groups have turned to providing home ownership units. Homeownership is an attractive option because of reported positive spin-offs of strengthening families, generating good citizenship and providing households with greater control over their living environment. Ownership also strengthens the commitment to community, helping to stabilize neighbourhoods, strengthen communities and creating important local and individual incentives for maintaining and improving private property and public spaces (Rohe, McCarthy and Van Zandt 2000). However, if ownership is provided to households whose incomes are too low to sustain the costs on a long term basis, it can be counterproductive. They may not be able to maintain the units, they may default on payments and their homes may become poverty traps, reducing their flexibility to move to take advantage of better employment opportunities, for example. These public policy options, generated in part by groups trying to work with limited funds, may not result in positive benefits to families or communities over the long term.

Housing Has Become a Constitutional Orphan

Finally, the social housing system in Canada at this point can be characterized by reform within the system. There is a preoccupation, not with what should be done, but who should (or should not) be responsible for social housing. The federal strategy has essentially been one of retreat although recent initiatives related to the homeless suggest a change of direction. There is very

limited provision of new social housing units at the provincial/territorial level. Several provinces have moved into what can be considered a “management mode,” content to manage the existing portfolio. Only a few provinces have remained in the “delivery mode” introducing programs that add units to the existing portfolio. There is nothing that resembles a national social housing policy. What exists is a mixed bag of provincial responses or, in many cases, the absence of policies. Housing has become a constitutional orphan (Institute of Urban Studies 2001). Social housing providers are struggling to adapt to this new reality. As indicated, levels of need have been rising and the level and nature of assistance being provided varies significantly from one province to another, raising the concern that there will be growing inequities in terms of access to affordable housing on a national basis.

WHAT ARE THE OPPORTUNITIES?

There may be another way to look at devolution, the declining federal role and the circumstances surrounding the transition that has occurred in social housing policy. Questions that have to be considered include: has the new environment spawned positive initiatives at the provincial and local levels? are there positive spin-offs that can be built upon to improve access to affordable housing in the nation? are there opportunities to build on the experiences and lessons associated with devolution and cuts to funding. A review of some of the activities at the provincial level reveals there are signs of positive policy and program initiatives.

Positive Initiatives at Provincial and Local Levels

Although a recent election brought a new party to power and housing policies of the new administration have not been clearly defined, **British Columbia** is one of the few provinces that has taken a balanced and sustained approach to the provision of affordable housing despite the declining federal involvement. They have continued to fund **Non-Profit Housing** which provides assistance to non-profit sponsors to build housing for low and moderate-income renters. Priority is given to mixed-income projects designed for families with children and people with disabilities and the homeless. There has also been a series of initiatives designed to bridge the gap to home ownership for low and moderate-income renters in the public portfolio. This frees up social housing units for lower income households. Although these programs have not delivered the level of units that were being added to the social housing sector when federal funding was available, they have made significant contributions.

The Province has also been working to strengthen the role of communities by facilitating local solutions that assist local governments and community groups to operate more effectively by developing tools for the planning and delivery of affordable housing. These tools include revisions to the Municipal Act which have provided more power for local governments and encouraged them to participate in such activities as inclusionary zoning, density bonuses and transfer of density rights, authority to lease land at below market values, and establishing a special reserve fund for housing purposes. The provincial government also developed building standards for secondary suites to assist local governments to identify and address the safety and community issues and encourage them to put legalization processes in place. A toolkit to help

local governments and community groups address complaints by residents who resist increased densities and low income housing (NIMBY) has also been developed. These initiatives have provided local governments and community groups with tools and expertise to be more effective in the housing arena.

This range of housing programs and associated activities incorporate several, important aspects of an affordable housing strategy such as better integration of housing with the provinces overall social and economic policy; improving access to homeownership for modest income families; increasing the supply of adequate affordable rental housing; improving the supply of housing for the homeless and people with special needs, management of housing in a manner that coordinates other necessary health and community services that people with special needs require; fostering broader community participation and partnerships in the provision of affordable housing; and, establishing a range of policy and planning tools that local governments can use to improve the supply of and access to affordable housing.

Saskatchewan, in their program and policy initiatives, have recognized the difficulties that exist in the private rental sector. Faced with a very poor investment climate, private landlords have neglected renovation and modernization of the stock or converted units to condominiums, forcing low income renters to find other housing options. The Province has moved to protect the affordable rental stock that is so important to the affordability of low and modest income households. The Province has purchased and renovated private rental projects and moved the units into the social housing portfolio where they are rented to tenants on a rent-to-income basis. With the expiry of subsidy agreements on Limited Dividend units, many projects which provided affordable rental accommodation are being sold as condominiums. In others, rents are being raised significantly as owners are no longer bound by the terms of the agreements. Again the Province has purchased projects from private owners and has maintained them as affordable rental stock. Rents are kept at the low end of the market.

Saskatchewan has also introduced the **Saskatchewan Assisted Living Services (SALS)** initiative. The Program provides community-based service options for tenants in seniors social housing who require a combination of shelter and supportive services to maintain their independence. SALS offers five key services - meals, laundry, housekeeping, personal response system and coordination of social and recreational activities. The Program allows tenants to age-in-place. Although the Program itself is not unique, the fact that it is a joint initiative of Housing and Health working with Local Housing Authorities, Health Districts and community organizations characterizes the new partnerships that are being forged in the post-devolution era (Saskatchewan Municipal Government 1999). The Province is now considering extending this program to seniors living in their own homes in an effort to delay and reduce the need for more social housing units.

Saskatchewan has also moved to harmonize existing program structures as the new agreement with the federal government allows the program framework to be collapsed into broader program definitions. They are working to consolidate 42 earlier agreements, encompassing 18 programs, to one agreement covering only ten programs. Rent scales, utility allowances, income definitions and maintenance standards are being made uniform throughout the Province (Styles 1997). The

reduction in the number of program vehicles and the standardization that is occurring make management of the existing portfolio more efficient and effective and allows the introduction of new programs within these broader program definitions. Money is saved because there is no need to create a new program vehicle.

Several other provinces are working in the same fashion to rationalize the complex and diverse nature of the social housing system. The Report of the Social Housing Committee in Ontario (1998) points out that social housing in the province is managed through more than 1,000 non-profit, cooperative and public housing providers, most with individual operating agreements. It is administered under more than a dozen different programs, and owned by the federal and provincial governments, municipal and private non-profit corporations, charitable and cooperative corporations. There is certainly an argument for reform within the system.

Quebec, like British Columbia, has maintained funding for social housing programs. They have also received strong support from municipalities like Montreal. The City of Montreal is often an equal funding partner and handles many of the delivery and administration responsibilities. Montreal also has program initiatives of its own to support and supplement provincial/municipal initiatives.

One of the strong focuses of activity in Quebec has been on revitalization of the older neighbourhoods. As many as eight housing related programs are used in revitalization initiatives including renovation programs for owners and landlords, a program to repair foundations, property tax credits for the purchase of new units, funding to convert non-residential buildings to residential units and the development of new social housing units, often by conversion of non-residential dwellings. These programs are generally delivered with the active involvement of community groups as well as the municipalities.

A review of the initiatives in Quebec, and particularly in the City of Montreal, suggest that there are a number of excellent policy lessons to be drawn from the Quebec experience, particularly with respect to revitalization of deteriorating residential areas in the cities. There is a recognition that public investment is a necessary initial step. Canada is at a point in housing policy evolution where a great deal of emphasis is placed on a competitive, efficient market place. There is a recognition in Montreal and Quebec, however, that the private sector cannot always respond. Public investment in housing and infrastructure is often necessary to instill confidence in the private sector.

Building community capacity is also recognized as a crucial element. The Province and the City of Montreal have spent a great deal of time and money on strengthening community expertise and organizations. Urban decline is difficult to reverse without community involvement and mobilization.

These strong community organizations are necessary because it is the community groups that are best placed to make the linkages between programs - housing, health, social services and economic development. Linkages can be made at a macro level by the different departments and levels of government where program criteria and eligibility requirements are established, but only the community groups can make the connections at the street and community level. The

community groups are best placed to recognize the partnerships required and bring the different groups together, although substantive and sustained housing programs are a key component of revitalization, housing alone will not reverse decline (Mason and Carter 2001). Social and economic development programs are as important as bricks and mortar - all must be delivered as part of a comprehensive package. There has to be a shared vision that extends from the community right up to the senior levels of government.

Housing and revitalization initiatives have to be sustained over a long period of time. Short term, one-off programs are not enough. Recognizing this, the Province has established a Social Housing Fund in which non-profits, private business and municipalities are invited to participate. An annual provincial commitment in excess of \$50 million will support this fund facilitating the construction of 1,800-2,000 units per year (Wolfe 1998).

The Province of **Manitoba**, working with urban municipalities, has introduced a Neighbourhoods Alive Program. The emphasis is rehabilitation of declining inner city residential areas. Funds are available for the renovation of existing, and construction of new, units but the program is much broader than housing, providing assistance for development of broad neighbourhood plans, support for Neighbourhood Associations and training for residents working with these associations to enhance capacity building. Supporting funds from other program areas are also available for various other community programs ranging from literacy training, health initiatives, food security, better landlord programs, neighbourhood safety and community economic development programs. The emphasis is on a comprehensive approach to neighbourhood revitalization with delivery of initiatives by community based organizations.

Lessons and Experiences to Build on

Although there are many positive initiatives in other provinces and municipalities that could be highlighted, these few examples illustrate that the social housing sector is far from dead. The lessons we can learn from these initiatives may be useful “stepping stones” in the development of a new affordable housing strategy for the nation. These examples clearly illustrate that provinces, municipalities and community groups are able to take the initiative to provide low income households with affordable housing and to strengthen communities. On the other hand it is important to acknowledge that very few units are being provided relative to the level of need.

Nevertheless, this review of initiatives in various provincial jurisdictions, and the circumstances of the social housing environment in general, suggest that the implications of devolution have not all been negative.

It has encouraged, or forced, many provinces to work more closely with municipalities and community groups and to seek out new partners to assist with the development, delivery and management of social housing. In part, this is an effort to find other parties who might be able to contribute funds to help make up for the loss of federal funding. It is also a reaction to the more pro-active role of community groups and municipalities as they struggle with increasing housing problems in their neighbourhoods. Regardless of what brings them together, it is a positive situation which results in the development of more innovative ways to respond to housing needs and better responses to local needs. New partners have added necessary expertise to the

development, delivery and management of projects. The new sources of financing, although limited, are certainly a positive outcome of the new partnerships being formed. New programs such as Land Trusts and Trust Funds not previously used in the Canadian context are being developed. Municipalities such as Toronto are developing housing strategies that integrate urban wide land use policy, fiscal policy, regulatory changes and housing initiatives in one comprehensive package. Mobilization at the community level will also result in a stronger community base which can only lead to positive circumstances for the social housing sector.

An argument can also be made that local jurisdictions, with their new flexibility and authority under the agreement, are better placed to match needs and services. This is particularly the case if community groups and organizations are more effectively involved and local strategic plans are developed as they have been in some jurisdictions.

Another positive spin-off of devolution is the improved integration of housing policy and initiatives with other areas of social policy, health, social services, economic development and urban revitalization, for example. Faced with declining levels of funding in all social policy areas and realizing that they have common clients and program and policy objectives, various departments are combining forces with housing to deliver joint initiatives. Historically social housing has operated in isolation from other areas of social policy. This has been unfortunate as housing is key to the success of many health, economic development, child welfare and urban revitalization initiatives. The fact that devolution has forced housing to interact with these other areas is a positive spin-off. The harmonization and rationalization of the many existing program vehicles may result in efficiencies within the system leading to cost savings and better service to clients.

It should now be clear that federal funds for social housing do not have to flow through CMHC. They can come from other social and economic development “envelopes.” It is time to realize that responsibility for social housing does not entirely rest with CMHC. CMHC has an important housing mandate but the focus is on helping to create a more efficient market place that will produce more affordable, but not necessarily social, housing. This new mandate of CMHC is a recognition that housing policy is broader than social housing policy alone. Social housing providers must begin to look beyond CMHC to other government departments to take best advantage of federal funding.

Finally, there is a growing recognition that “housing” by itself is not enough. It should not be a “stand alone” program. In the past it has been far too detached from other aspects of social and economic policy (Prince 1995). It has to be part of a package of social and economic development initiatives that address the range of needs of individuals and their neighbourhoods. In interviews conducted across the country there is little support for returning to what many characterized as the “delivery mode” of the ’70s and early ’80s. It was stated on many occasions that the objective at that time was simply to build more units often with little thought for the broader objectives housing may be able to serve. Housing today has to be part of social, economic and community development objectives.

CONCLUSION

The withdrawal of the federal government from an active role in the funding of social housing and subsequent devolution of responsibility to the provinces has had positive effects, but overall the results are cause for concern. Levels of housing need are rising and there are growing inequities in the level of housing services available to low income households across the nation. Many provinces do not have the financial capacity or the political will to address growing levels of housing need. If the federal government does not re-enter the social housing field with program funding to maintain some semblance of equity in housing standards across the nation, inter-provincial and inter-municipal gamesmanship may result in “beggar thy neighbour” policy approaches.

There is very little desire to return to the past with its emphasis on extensive government involvement and ownership, isolation of housing policy from other aspects of social and economic policy and the more limited opportunities for municipal and local involvement. There is now a better understanding that housing is a shared responsibility and only a part of broader community based initiatives. Nevertheless, without federal involvement, one of the principal pillars of federal policy in the past - **that all citizens should have access to affordable, decent housing** - will become less and less likely and spatial inequities in the level of housing need and services provided will continue to grow.

Despite some positive spin-offs of devolution, there is still a strong rationale for a significant federal role. Recent initiatives in funding to address homelessness and a planned rental incentive programs⁷ are signs that the federal government is re-engaging. With these positive signals from the federal level and the lessons and experiences from devolution to build on, Canada may return to a social housing policy built on a stronger foundation. There is still a long road ahead before the policy becomes a reality.

Bibliography

- Bruce, D. and S. Chisholm (2000) *A Primer on Social Housing Policy in Canada*, Ottawa: Caledon Institute of Social Policy.
- Canada (1986) Task Force on Program Review (chaired by E. Nielsen). *Housing Programs: In Search of Balance*, Study Team Report, Supply and Services, Ottawa.
- Canada Mortgage and Housing Corporation (2001) "Special Studies on 1996 Census Data: Canadian Households In Core Housing Need And Spending At Least Half Their Income On Shelter," *Research Highlights, Issue 55-1*, Ottawa.
- Canada Mortgage and Housing Corporation (1999) *About CMHC*, Ottawa: CMHC Home Page.
- Canada Mortgage and Housing Corporation (1993) "Canadian housing need 1991," *Research and Development Highlights, Issue 11*, Ottawa.
- Canada Mortgage and Housing Corporation (1999) *Canadian Housing Statistics*, Ottawa.
- Canada Mortgage and Housing Corporation (1998) *Canadian Housing Statistics*, Ottawa.
- Canada Mortgage and Housing Corporation (1997) *Canadian Housing Statistics*, Ottawa.
- Canada Mortgage and Housing Corporation (1993) "Changing working conditions and renter core housing need," *Research and Development Highlights, Issue 39*, Ottawa.
- Canada Mortgage and Housing Corporation (1996) *Habitat II: Canadian National Report*, Ottawa.
- Canada, Task Force On Housing and Urban Development (1969) *Report of the Task Force on Housing and Urban Development*, Ottawa: Information Canada.
- Canadian Council for Social Development (1997) *The Changing Nature of Part Time Work*, Ottawa.
- Carroll, Barbara Wake (2002) "Housing Policy In The New Millennium: The Uncompassionate Landscape," *Urban Policy Issues: Canadian Perspectives*, 2nd Edition edited by Edmund P. Fowler and David Siegal, Oxford University Press.
- Chisholm, Sharon (1999) "No place to stay: Social policy reform in Canada and its impact on affordable housing" in *Canadian Housing*, 16(2), Ottawa: Canadian Housing and Renewal Association.
- Drier, P. and J.D. Hulchanski (1993) "The Role of Non Profit Housing In Canada And The United States," *Housing Policy Debate*, 4(1), pp.43-81.

Dunphy, B. (1997) "New Deal Fails To Protect Social Housing," *Canadian Housing*, 14(1), pp.23-24.

Federation of Canadian Municipalities (2000) *A National Affordable Housing Strategy*, Ottawa.

Federation of Canadian Municipalities (1999) *National Housing Options Policy Paper: A Call for Action*, Ottawa.

Fenn, W. Michael (2000) "Social Housing Reform Act 2000," Memo to all Ministry of Municipal Affairs and Housing Staff, 12th October.

Forrest, Judy (1996) "The Impact of Devolution" in *Canadian Housing*, 14(2), Ottawa: Canadian Housing and Renewal Association.

Government of Canada (1985) *Consultation Paper on Housing*, Ottawa: Canada Mortgage and Housing Corporation.

Institute of Urban Studies (2001) *Proceedings of the Prairie Urban Congress 2000*, University of Winnipeg, Winnipeg, Canada.

Mason, Greg and T. Carter (2001) *Disinvestment and Decline of Urban Neighbourhoods*, Canada Mortgage and Housing Corporation, Ottawa.

McCarthy, George, Shannon Van Zandt and William Rohe (2001) *The Economic Benefits and Costs of Homeownership: A Critical Assessment of the Research*, Research Institute for Housing America, Washington DC.

Municipal Affairs and Housing (1998) *Report of the Social Housing Committee*, Toronto: Queen's Printer.

Prince, M. (1997) *Holes in the Safety Net, Leaks in the Roof: Recent Changes in Canadian Social Policy and their Implications for Housing Programs and Clients*, Faculty of Human and Social Development, University of Victoria.

Queen's Printer (1973) *House of Commons Debates*, p.3649.

Rohe, William M., George McCarthy and Shannon Van Zandt (2000) *The Social Benefits and Costs of Homeownership: A Critical Assessment of the Research*, Research Institute for Housing America, Washington DC.

Saskatchewan Housing Corporation (1998) *Saskatchewan Assisted Living Services*, Regina.

Saskatchewan Municipal Government (1999) *Saskatchewan Housing Corporation Annual Report*, Regina.

Sewell, J. and D. Hulchanski (2000) *Ontario's Downloading of Social Housing Responsibilities: A Review of the Issues*, Housing Again. <http://www.housingagain.web.net>

Styles, R. (1997) "The New Federal Provincial Housing Agreement: Progress or Folly?" *Canadian Housing*, 14(1), pp.8-10.

Wolfe, Jeanne M. (1998) "Canadian Housing Policies in the Nineties" in *Housing Studies*, 13(1).

Young, T. (1998) "Provincial flexibility enables new social housing initiatives in Saskatchewan" in *Canadian Housing*, 15(2), Ottawa: Canadian Housing and Renewal Association.

-
1. The federal government, through its housing agency, has continued to fund the Residential Rehabilitation Assistance Program which provides low interest loans and grants to low income households and landlords to repair and renovate houses and apartments.
 2. Provincial expenditures were compiled by reviewing provincial documents, annual reports and interviews with provincial officials. Subsequent to the collection of this data, a similar survey was conducted by CMHC who arrived at almost identical figures.
 3. The Saskatchewan agreement contains six principles, which will undoubtedly guide other negotiations.

(1) Federal funds allocated under the new arrangements are strictly for housing purposes. They cannot be used to support other provincial priorities (e.g. roads, schools, etc.).

(2) Federal funds will be used to provide residential accommodation and related shelter services through a portfolio of programmes described in the new agreements. Related shelter services exclude services in such areas as health, education, corrections and nutrition.

(3) CMHC will establish income limits, which reflect the maximum income for a household to be eligible for targeted federal assistance.

(4) Federal funds currently directed to households with incomes insufficient to cover the cost of appropriate accommodation will continue to be used for this purpose. If the funding is not needed in the programme where it is currently directed, provinces can use this funding for another programme, but it must nonetheless be directed to households with incomes below established limits.

(5) Federal funding currently directed to moderate-income households can continue to be used for this purpose until such time as the units are paid off. Should this funding be freed-up at some point in the future, it is to be used for targeted assistance.

- (6) Savings will remain in the jurisdiction from which they originate. This means that provinces can use federal funding savings achieved through cost reductions and efficient management of the portfolio to serve households in their respective jurisdictions.
4. All estimates of 1996 renter housing need are based on application of the following definitions of housing standards to data drawn from Statistics Canada's Household Income, Facilities and Equipment Micro-Data base for 1996:
 - To be **adequate**, a dwelling must have full bathroom facilities and, according to its residents, require no major repairs.
 - To be **suitable**, a dwelling must have enough bedrooms for the size and make-up of the occupying household, as defined by the National Occupancy Standard.
 - To be **affordable**, total shelter and utility costs must consume less than 30 percent of household income.
 5. Due to differences in the 1991 and 1996 data bases, the methodology employed for calculating housing need in the two years is slightly different. The corresponding need figures are not exactly comparable, but are so close that they can be used in analysis and discussion.
 6. The Limited Dividend Program was introduced in the late '60s and early '70s. Private entrepreneurs built affordable rental projects with the aid of low interest loans from the federal government. The 35 year agreement specified that rents had to remain affordable throughout the term of the agreement. These agreements are now expiring and the units are disappearing from the affordable housing sector.
 7. For the last several months there has been on-going discussion regarding the introduction of a rental incentive program to stimulate the construction and renovation of affordable rental units. The program, if introduced, would provide matching federal and provincial grants, to a maximum of \$12,500 (suggested). This level of subsidy is not expected to be sufficient to reduce rents to a level affordable by lower income households.

APPENDIX A

Table 1. History of Reductions to CMHC's Budget, 1984 - 1993	
November 1984	<u>Economic Statement</u> The November Federal Economic Statement reduced Non-Profit and RNH subsidy units, eliminated Non-Profit RRAP and reduced the Research budget. The impact over the seven year period covering 85/86 - 91/92 was \$217.8 million.
February 1986	<u>Budget</u> The February Federal Budget reduced Rental RRAP, Research and Communication. The impact over the seven year period covering 85/86 - 91/92 was \$80.3 million.
April 1989	<u>Budget</u> The April Federal Budget eliminated Rental RRAP. The impact over the five year period covering 87/88 - 91/92 was \$146.0 million.
February 1990	<u>Budget</u> The April Federal Budget reduced new commitments by a 15 percent across the board reduction and reduced the research budget. The impact over the two year period covering 90/91 - 91/92 was \$58.4 million.
February 1991	<u>Budget</u> The February Federal Budget continued the 15 percent across the board reduction to new commitments, reduced the Operating and Research Budgets and imposed various efficiency measures. The impact over the one year period covering 91/92 was \$54.8 million.
February 1992	<u>Budget</u> The February Federal Budget terminated the Coop-ILM program, imposed a CAP to new Social Housing commitments limiting new delivery to a \$70 Million Cap in 1992 and \$45 million thereafter, reduced by three percent the Non-Salary Personnel Reduction, imposed various efficiency measures, and continued the reduction in Research and Communications. The impact over the five year period covering 92/93 - 96/97 was \$664.8 million.
December 2, 1992	<u>Economic and Fiscal Statement</u> The December Economic Statement imposed a CAP to Social Housing new commitments to limit new delivery to \$41 Million in 1993 and \$37.0 M in 1994 onwards, a two year wage freeze and further reduced the Research budget. The impact over the five year period is included in the April 1993 Budget below.
April 26, 1993	<u>Budget</u> The April Federal Budget eliminated the new Social Housing Commitments for 1994 onwards except for On-Reserve programs and again reduced the Research budget. The impact over the five year period including the 1992 December Economic Statement and 1993 Federal Budget (93/94 - 97/98) was \$600 million.

Source: Canada Mortgage and Housing Corporation

Province/Territory	Signing Date
Saskatchewan	March 4, 1997
New Brunswick	April 2, 1997
Newfoundland	April 22, 1997
Northwest Territories	April 24, 1997
Nova Scotia	December 2, 1997
Yukon	August 14, 1998
Manitoba	September 3, 1998
Nunavut	July 2, 1999
Ontario	November 17, 1999

Source: CMHC

Province	Proportion in Core Need		
	1991	1996	Increase (%)
Newfoundland	11.4	15.8	4.4
Prince Edward Island	14.4	16.5	2.1
Nova Scotia	14.0	18.1	4.1
New Brunswick	11.2	15.1	3.9
Quebec	13.3	18.2	4.9
Ontario	11.2	18.5	7.3
Manitoba	10.8	15.0	4.2
Saskatchewan	10.7	13.0	2.3
Alberta	10.9	13.7	2.8
British Columbia	14.0	19.0	5.0
Yukon	N/A	18.6	N/A
North West Territory	N/A	12.0	N/A
Nunavut	N/A	11.6	N/A
Canada	12.2	17.6	5.4

Source: Canada Mortgage and Housing Corporation and Statistics Canada

**Table 4: Households In Core Need: Private Non-Farm
Native Off-Reserve: Canada, Provinces And Territories:
1996**

	In Core Need	
	#	%
Canada	68,986	31.6
Newfoundland	1,040	22.5
Prince Edward Island	85	27.0
Nova Scotia	655	24.9
New Brunswick	615	28.0
Quebec	4,915	24.7
Ontario	14,835	29.5
Manitoba	9,955	34.4
Saskatchewan	8,156	36.3
Alberta	9,670	28.3
British Columbia	14,700	36.1
Yukon	505	30.1
North West Territory ¹	3,855	36.9
Nunavut	2,090	42.6

¹ includes Nunavut. Subtracting Nunavut results in
1,765 households or 31.7% in core need

Source: Canada Mortgage and Housing Corporation and Statistics Canada

Figure 1

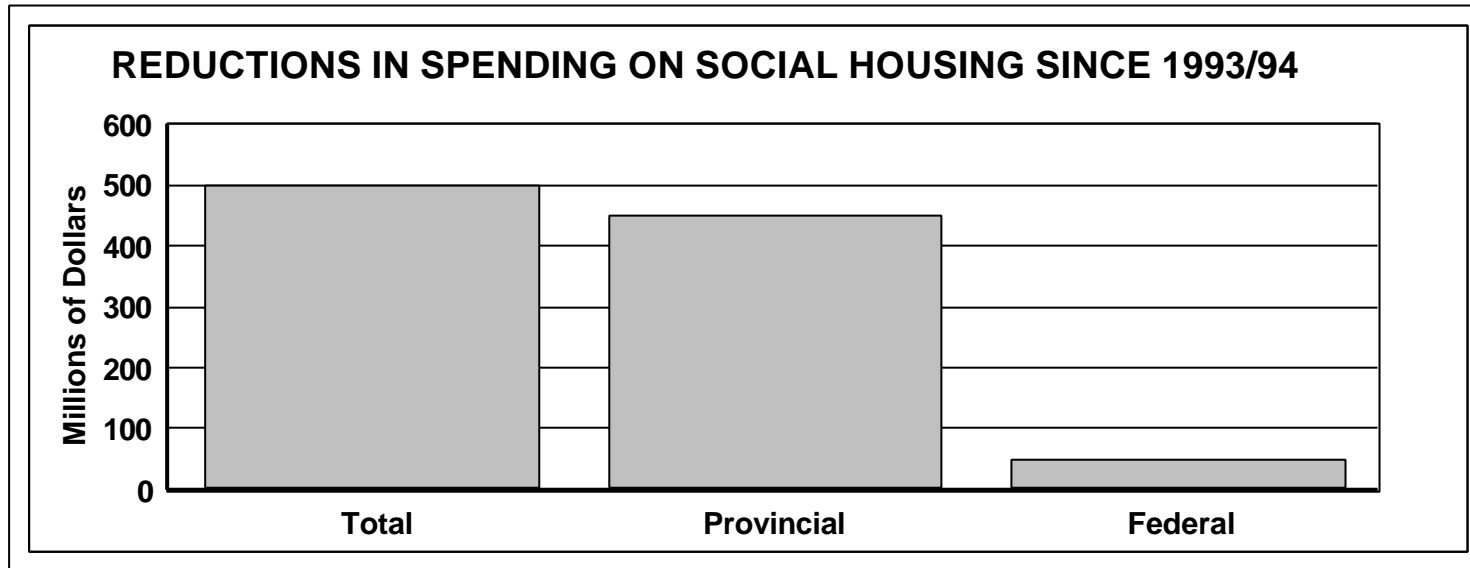


Figure 2

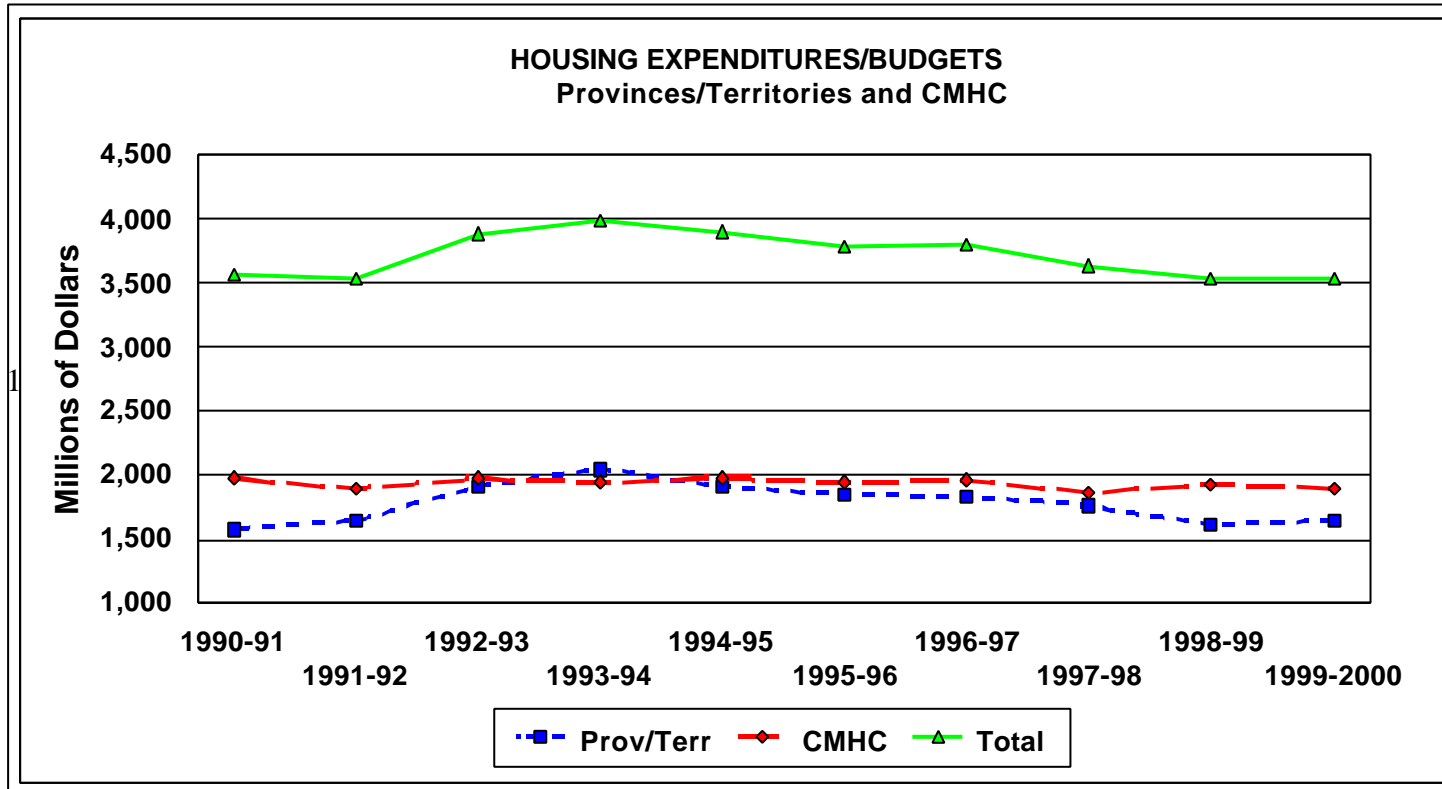


Figure 3

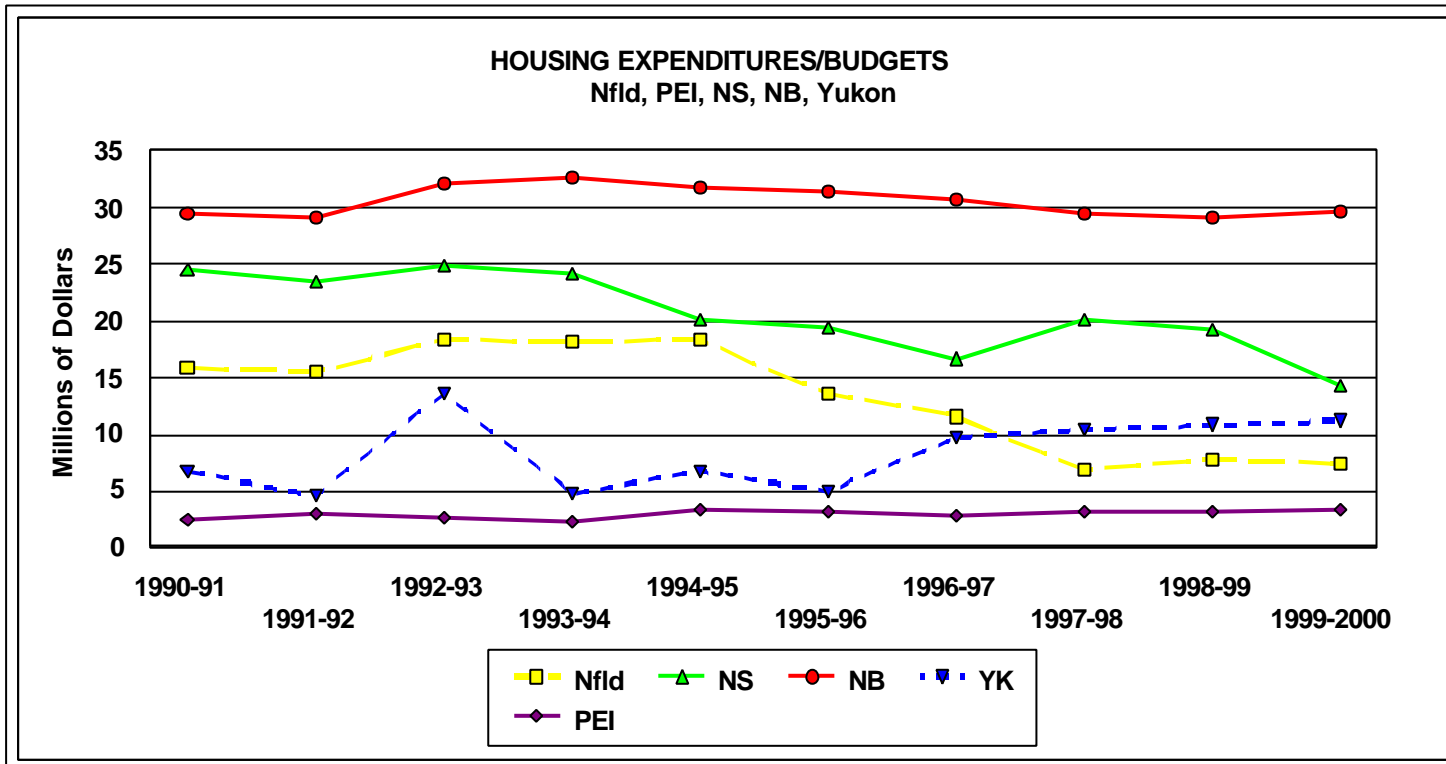


Figure 4

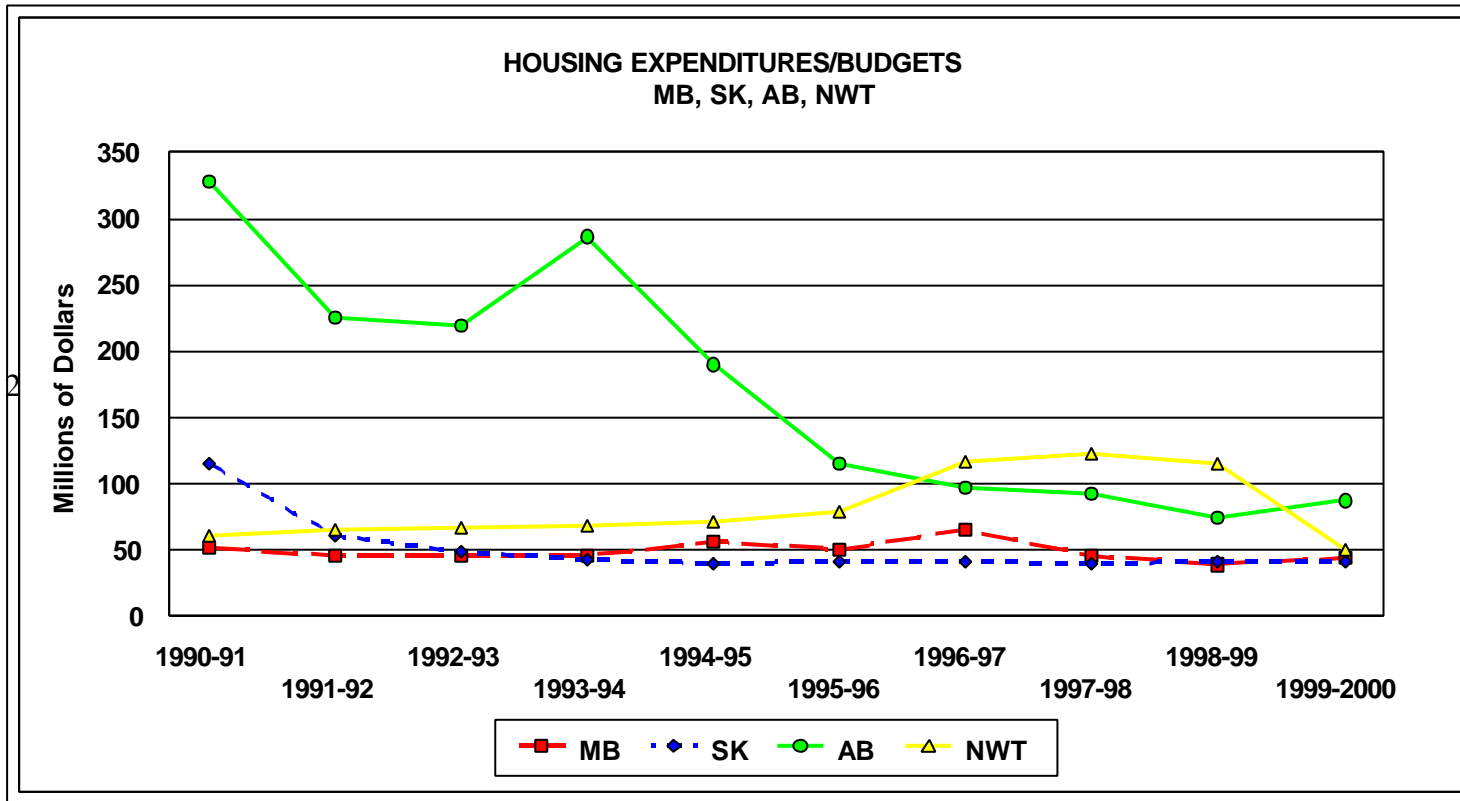


Figure 5

